REMARKS

In the Office Action[1] dated January 29, 2007, the Examiner rejected claims 10-12, 14-18, 28, 37-40, 56-58, 60-64, 74-76, 86-88, 90-94, and 104-106 under 35 U.S.C. § 112, first paragraph as allegedly failing to comply with the written description requirement; rejected claims 76, 106, and 117 under 35 U.S.C. § 112, second paragraph as allegedly indefinite; and rejected claims 1-12, 14-28, 30-40, 42-58, 60-88 and 90-120 under 35 U.S.C. § 103(a) as allegedly unpatentable over *Sears* ("Sears Tests Starter Card," Card Fax News Brief) in view of U.S. Patent No. 6,018,718 to Walker et al. ("*Walker*").

Based on the following remarks, Applicants respectfully traverse the rejections under 35 U.S.C. §§ 112 and 103(a).

I. The Rejections Under 35 U.S.C. § 112, first paragraph

A. Claims 10-12, 14-18, 37-40, 56-58, 60-64, 86-88, and 90-94

Claim 10, for example, recites a method for providing a credit account to a customer of a credit issuer including "notifying the customer of unsatisfied predetermined criteria during the trial period." The Examiner states that "[t]he specification, as originally filed, does not provide support for the invention as is now claimed. First, 'notifying the customer of unsatisfied predetermined criteria during the trial period'" (Office Action at p. 2).

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[1] The Office Action contains a number of statements reflecting characterizations of the related art and the claims. Regardless of whether any such statement is identified herein, Applicants decline to automatically subscribe to any statement or characterization in the Office Action.

However, p. 30 of the specification describes one exemplary embodiment that contradicts the Examiner's position: "ALM 'A(2)' will initiate a message that may reflect the customer will receive a credit line increase after '2' more consecutive on-time payments." Thus, in this example, the number of consecutive payments described in Applicants' specification supports the claimed "unsatisfied predetermined criteria." Moreover, the specification discloses embodiments where messages are sent to a customer (p. 16), and that the messages are sent during the trial period (p. 29). Thus, the specification fully supports the claimed "notifying the customer of unsatisfied predetermined criteria during the trial period."

Independent claims 37, 56, and 86, although of different scope from claim 1 and from each other, are also fully supported for at least the same reasons discussed above with respect to claim 10. Claims 11, 12, and 14-18 depend from claim 10, claims 38-40 depend from claim 37, claims 57, 58, and 60-64 depend from claim 56, and claims 87, 88, and 90-94 depend from claim 86, and are fully supported at least due to their dependence from their respective base claims. Accordingly, Applicants respectfully request that the Examiner withdraw the rejection of claims 10-12, 14-18, 37-40, 56-58, 60-64, 86-88, and 90-94 under 35 U.S.C. § 112, first paragraph.

B. Claims 28, 74, 75, 104, and 105

Claim 28 recites a method for providing credit accounts including, *inter alia*, "notifying the customer of a third credit limit while the customer is provided the second credit limit, the notifying including information reflecting that the third credit limit is obtainable by making a predetermined number of consecutive on time payments and wherein the third credit limit is higher than the second credit limit and lower than the first

credit limit." The Examiner alleges that the specification does not support these recitations (Office Action pp. 2-3).

However, claim 28, as originally filed, recited "changing the second credit limit to a third credit limit that is higher than the second credit limit and lower than the first credit limit, when it is determined that the customer has made the predetermined number of on-time payments associated with the second credit account," and originally filed claims can be relied on to support the disclosure (M.P.E.P. § 608.01(l)). Moreover, as discussed above with respect to claim 10, the specification describes a credit line increase based on a certain number of on-time payments. Thus, the specification fully supports "notifying the customer of a third credit limit while the customer is provided the second credit limit, the notifying including information reflecting that the third credit limit is obtainable by making a predetermined number of consecutive on time payments and wherein the third credit limit is higher than the second credit limit and lower than the first credit limit," as recited in claim 28.

Independent claims 28, 74, and 104, although of different scope from claim 28 and from each other, are also fully supported for at least the reasons discussed above with respect to claim 28. Claim 75 depends from claim 74 and claim 105 depends from claim 104, and are fully supported at least due to their dependence from their respective base claims. Accordingly, Applicants respectfully request the Examiner to withdraw the rejection of claims 28, 74, 75, 104, and 105 under 35 U.S.C. § 112, first paragraph.

C. Claims 76 and 106

The Examiner asserts claims 76 and 106 are also unsupported by the specification (Office Action at p. 2). In doing so, however, the Examiner does not point

to any recitation of these claims that are allegedly suspect. Neither claim 76 nor claim 106 contains the allegedly unsupported recitations identified in the Office Action, i.e. "notifying the customer of unsatisfied predetermined criteria during the trial period" or "notifying the customer of a third credit limit while the customer is provided the second credit limit, the notifying including information reflecting that the third credit limit is obtainable by making a predetermined number of consecutive on time payments and wherein the third credit limit is higher than the second credit limit and lower than the first credit limit" (Office Action at pp. 2-3). Moreover, a proper review of Applicants' disclosure shows that claims 76 and 106 are fully supported by the specification. Accordingly, the rejection of claims 76 and 106 is legally deficient, and should be withdrawn.

II. The Rejections Under 35 U.S.C. § 112, second paragraph

The Examiner states:

> The claims recite the limitation 'changing the second interest rate to a third interest rate that is higher than the first interest rate, when it is determined that the customer has made the predetermined number of on-time payments associated with the second credit account.' ... [this] would go against the whole premise of the claimed invention of rewarding the customers, that make regular on time payments with higher credit limit and lower APR. The examiner thinks the recitation should have read: changing the second interest rate to a third interest rate that is lower than the first interest rate, when it is determined that the customer has made the predetermined number of on-time payments

(Office Action at pp. 3-4). Applicants respectfully request the Examiner to examine the claims as presented. Moreover, the claims are fully supported in the specification. For example, p. 49 of Applicants' specification states:

> Also, methods, systems, and articles of manufacturer, consistent with features and principles of the present invention may provide customers with starter card account 'tracts' when presenting offers for

> these accounts. Starter card account 'tracts' may be various graduation roadmaps that describe various conditions and graduation parameters that may be obtained when the customer meets predetermined criteria. For example, a customer may be presented, perhaps through a web site or conventional mail solicitation, a number of starter card tracts from which the customer may chose to receive a starter credit account. For instance, a first tract may include parameters associated with product cell 1 previously described in Table IV. Additionally, the first tract may describe the type of criteria that must be met, and whether the graduation parameters include another trail period. On the other hand, a second tract may include starter credit account parameters that are different that the first tract. For example, the second tract may include an interest rate higher that that included in the first tract, but with a higher credit limit.

(emphasis added). Accordingly, the rejection of claims 76, 106, and 111 under 35 U.S.C. § 112, second paragraph is legally deficient, and Applicants respectfully request that the rejection be withdrawn.

III. The Rejections Under 35 U.S.C. § 103(a)

A. Claims 1-9, 30-36, 47-55, 77-85, and 118-120

Claim 1 recites a method for providing a credit account to a customer, comprising, *inter alia*, "modifying the duration of the trial period based on the monitored customer's activities associated with the starter credit account." The Examiner concedes that *Sears* does not disclose this recitation of claim 1 (Office Action at p. 6).

However, the Examiner asserts that *Walker* discloses this recitation (Office Action at p. 6). In support of this position, the Examiner cites to portions of *Walker* disclosing a first performance target which, if achieved by a cardholder during a first period, will garner the cardholder a reward based on a first set of reward terms (*Walker*, col. 11, lines 19-32). *Walker* further discloses a second period in which a second performance target is created based on the cardholder's performance value, and a second set of reward terms are created (*Walker*, col. 11, lines 24-32). However, *Walker*

does not teach or suggest modifying the duration of either the first or second period based on the cardholder's activities. *Walker*, therefore, fails to teach or suggest the claimed "modifying the duration of the trial period based on the monitored customer's activities associated with the starter credit account."

Accordingly, the Examiner has not shown that the cited art, either alone or in combination, teach or suggest the recitations of claim 1. Accordingly, because the Examiner has not established a *prima facie* case of obviousness, the rejection of claim 1 under 35 U.S.C. § 103(a) is legally deficient and should be withdrawn and the claim allowed.

Claims 30, 47, and 77 each includes recitations similar to those discussed above with respect to claim 1. As explained, the cited art does not support the rejection of claim 1. As such, the cited art does not support the rejection of claims 30, 47, and 77 for at least the same reasons set forth in connection with the response to the rejection of claim 1. Applicants therefore request that the rejection of claims 30, 47, and 77 be withdrawn and the claims allowed.

Claims 2-9 and 118 depend from claim 1. Claims 31-36 depend from claim 30. Claims 48-55 and 119 depend from claim 47. Claims 78-85 and 120 depend from claim 77. As explained, the cited art does not support the rejection of claims 1, 30, 47, and 77. As such, the cited art does not support the rejection of the identified dependent claims for at least the same reasons set forth in connection with the response to the rejection of their corresponding independent claims. Applicants therefore request that the rejection of these dependent claims be withdrawn and the claims allowed.

b. The Rejection of Claims 10-12, 14-18, 57, 58, 60-64, 87, 88, and 90-94

Claim 10 recites a method for providing a credit account to a customer, comprising, *inter alia*, "notifying the customer of unsatisfied predetermined criteria during the trial period" (emphasis added). The Examiner concedes that *Sears* does not disclose this recitation of claim 10 (Office Action at p. 11).

However, the Examiner asserts that *Walker* discloses this missing feature (Office Action at p. 11). Applicants disagree. *Walker* discloses a target period including a performance target and reward terms for a cardholder (*Walker*, col. 9, lines 44-55), and at the end of the target period, a determination is made as to whether the performance target has been met (*Walker*, col. 10, lines 3-5). However, *Walker* does not disclose that the determination is made during the trial period. Moreover, *Walker* does not disclose notifying the cardholder of any unsatisfied criteria during the target period. *Walker*, therefore, fails to teach or suggest the claimed "notifying the customer of unsatisfied predetermined criteria during the trial period" (emphasis added)."

Accordingly, the Examiner has not shown that the cited art, either alone or in combination, teach or suggest the recitations of claim 10. Accordingly, because the Examiner has not established a *prima facie* case of obviousness, the rejection of claim 10 under 35 U.S.C. § 103(a) is legally deficient and should be withdrawn and the claim allowed.

Claims 56 and 86 each include recitations similar to those of claim 10. As explained, the cited art does not support the rejection of claim 10. As such, the cited art does not support the rejection of claims 56 and 86 for at least the same reasons set

forth in connection with the response to the rejection of claim 10. Applicants therefore request that the rejection of claims 56 and 86 be withdrawn and the claims allowed.

Claims 11, 12, and 14-18 depend from claim 10. Claims 57, 58, and 60-64 depend from claim 56. Claims 87, 88, and 90-94 depend from claim 86. As explained, the cited art does not support the rejection of claims 10, 56, and 86. As such, the cited art does not support the rejection of the identified dependent claims for at least the same reasons set forth in connection with the response to the rejection of their corresponding independent claims. Applicants therefore request that the rejection of these dependent claims be withdrawn and the claims allowed.

c. The Rejection of Claims 19-27, 65-73, and 95-103

Claim 19 recites a method for providing a credit account to a customer, comprising, *inter alia*, "determining a group of customers with existing credit histories who have not previously applied for the standard credit account and are eligible for the starter credit account."

Sears discloses targeting a low credit line starter card toward consumers with "very thin" or "nonexistent" credit histories (*Sears*, ¶ 1). The Examiner indicates that this disclosure teaches the claimed group of customers (Office Action at p. 12). However, the customers in *Sears* with "nonexistent" credit histories cannot correspond to the claimed group of customers, because the claimed customers have existing credit histories, and *Sears* does not describe whether the customers with "very thin" credit histories have previously applied for a *Sears* account. Therefore, the mere mention of "very thin" credit histories does not teach or suggest a group of customers who "have not previously applied for the standard credit account," as recited in claim 19.

As *Sears* does not expressly a group of customers who "have not previously applied for the standard credit account," the Examiner appears to be relying upon a theory of inherency to support the rejection. However, MPEP § 2112 (IV) states: "In relying upon the theory of inherency, the examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the applied prior art." The Examiner has given no persuasive reason why *Sears* necessarily discloses that the customers with very thin credit histories have not previously applied for a *Sears* account. Indeed, it is quite likely that these customers were targeted by *Sears* precisely because their applications for standard *Sears* accounts were denied. *Sears* suggests as much, stating that the new approach will "'undoubtedly' save many of those denied applicants who did not fit into *Sears'* existing modeling programs." (*Sears*, ¶ 3). Thus, *Sears* does not teach or suggest, explicitly or inherently, "determining a group of customers with existing credit histories who have not previously applied for the standard credit account and are eligible for the starter credit account."

Walker fails to cure the deficiencies of *Sears*. Indeed, *Walker* is silent as to a group of customers with existing credit histories who have not previously applied for a standard credit account. *Walker*, therefore, fails to teach or suggest "determining a group of customers with existing credit histories who have not previously applied for the standard credit account and are eligible for the starter credit account."

Accordingly, the Examiner has not shown that the cited art, either alone or in combination, teach or suggest the recitations of claim 19. Accordingly, because the Examiner has not established a *prima facie* case of obviousness, the rejection of claim

19 under 35 U.S.C. § 103(a) is legally deficient and should be withdrawn and the claim allowed.

Claims 65 and 95 each includes recitations similar to those of claim 19. As explained, the cited art does not support the rejection of claim 19. As such, the cited art does not support the rejection of claims 65 and 95 for at least the same reasons set forth in connection with the response to the rejection of claim 1. Applicants therefore request that the rejection of claims 65 and 95 be withdrawn and the claims allowed.

Claims 20-27 depend from claim 19. Claims 66-73 depend from claim 65. Claims 96-103 depend from claim 95. As explained, the cited art does not support the rejection of claims 19, 65, and 95. As such, the cited art does not support the rejection of the identified dependent claims for at least the same reasons set forth in connection with the response to the rejection of their corresponding independent claims. Applicants therefore request that the rejection of these dependent claims be withdrawn and the claims allowed.

d. The Rejection of Claims 28, 74, 75, 104, and 105

Claim 28 recites a method for providing credit accounts, comprising, *inter alia*, "notifying the customer of a third credit limit while the customer is provided the second credit limit, the notifying including information reflecting that the third credit limit is obtainable by making a predetermined number of consecutive on time payments" (emphasis added). The Examiner concedes that *Sears* does not disclose this recitation of claim 1 (Office Action at p. 14-15).

However, the Examiner asserts that *Walker* discloses this recitation (Office Action at p. 15). As explained above, *Walker* discloses providing rewards to customers

based on performance targets. The Examiner alleges that *Walker's* rewards correspond to the claimed third credit limit (Office Action at p. 15). However, *Walker* does not disclose that any of the rewards involve changing a cardholder's credit limit. *Walker*, therefore, fails to teach or suggest the claimed "notifying the customer of a third credit limit while the customer is provided the second credit limit, the notifying including information reflecting that the third credit limit is obtainable by making a predetermined number of consecutive on time payments" (emphasis added).

Accordingly, the Examiner has not shown that the cited art, either alone or in combination, teach or suggest the recitations of claim 28. Accordingly, because the Examiner has not established a *prima facie* case of obviousness, the rejection of claim 28 under 35 U.S.C. § 103(a) is legally deficient and should be withdrawn and the claim allowed.

Claims 74 and 104 each include recitations similar to those of claim 28. As explained, the cited art does not support the rejection of claim 28. As such, the cited art does not support the rejection of claims 74 and 104 for at least the same reasons set forth in connection with the response to the rejection of claim 28. Applicants therefore request that the rejection of claims 74 and 104 be withdrawn and the claims allowed.

Claim 75 depends from claim 74. Claim 105 depends from claim 104. As explained, the cited art does not support the rejection of claims 74 and 104. As such, the cited art does not support the rejection of the identified dependent claims for at least the same reasons set forth in connection with the response to the rejection of their corresponding independent claims. Applicants therefore request that the rejection of these dependent claims be withdrawn and the claims allowed.

e. The Rejection of Claims 42-46, 107-111, and 112-116

The rejection of claims 42-46, 107-111, and 112-116 is legally deficient because the Examiner failed to address the recitations the claims. The Examiner rejects claim 42 for the same reason as claim 10, and fails to address each of the recitations of claim 42, such as a "second trial period" (Office Action at p. 19). Moreover, this deficiency is carried over from the Final Office Action mailed July 19, 2006 ("the Final Office Action" at p. 9), Applicants pointed this out in an Amendment filed on December 19, 2006 ("the Amendment" at pp. 50-52). The Examiner has improperly yet to respond to Applicants' arguments on this issue.

As discussed in the Amendment, 37 C.F.R. § 1.104(c) requires the Examiner to provide more than merely stating a reference meets the limitations of a rejected claim. When a reference is complex or shows or describes inventions other than that claimed by the applicant, the particular part relied on must be designated as nearly as practicable. The pertinence of each reference, if not apparent, must be clearly explained and each rejected claim specified." 37 C.F.R. § 1.104(c)(2). In this case, the Examiner improperly ignores the recitations of claim 42, such as the "second trial period." As such, the Examiner's rejection of this claim under 35 U.S.C. § 102(b) does not meet the requirements of 37 C.F.R. § 1.104, and thus is improper. Further, to establish *prima facie* case of obviousness under 35 U.S.C. § 103(a), the Examiner must show, *inter alia*, that the applied references teach or anticipate each and every element recited in the claim. Here, by ignoring some of the recitations of claim 42, the Examiner has failed to show how the cited art teaches the recitations of this claim. As a result, the

rejection of each of claim 42 does not meet the requirements 35 U.S.C. § 103(a), and thus is improper.

The rejection of claims 42, 45, 46, 107, 110, 111, 112, 115, and 116 is legally deficient because the Examiner has improperly relied on principles of inherency. In addressing claim 43, which depends from claim 42, the Examiner states "if, during the first trial, *Sears* starter credit cardholders fail to meet this predefined criterion, it is common sense to know that these cardholders would be subject to the same predefined criterion if they fail to meet in the first trial ... (this is what second chance is all about)."

Additionally, the Examiner suggests that the combination of *Sears* and *Walker* does not teach the elements of claim 42 in stating it is "common sense to know that these cardholders would be subject to the subject predefined crierion if they fail to meet in the first trial . . . (this is what second chance is all about)" (Office Action at p. 19). Accordingly, the Examiner suggests that it is inherent. However, as noted in MPEP § 2121, "[t]he fact that a certain result or characteristic may occur or be present in the prior art is not sufficient to establish the inherency of that result or characteristic. Indeed, '[i]n relying upon the theory of inherency, the examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the applied prior art,' citing *Ex parte Levy*, 17 USPQ2d 1461, 1464 (Bd. Pat. App. & Inter. 1990). Here, the Examiner's rejection of claim 42 relies on statements that do not provide reasonable and technical reasoning to support the rejection. In this regard, the rejection is legally deficient and should be withdrawn.

Again, this deficiency is repeated from the Final Office Action at p. 19, and Applicants pointed out the deficiency in the Amendment at p. 51. The Examiner has not responded to Applicants' reasoning in the current Office Action.

Because *Sears* and *Walker*, taken alone or in combination, do not teach or suggest each and every recitation of claim 42, and because the Examiner has failed to address all the recitations of claim 42, the rejection of claim 42 under 35 U.S.C. § 103(a) is legally deficient. Accordingly, Applicants request that the rejection be withdrawn and the claim allowed.

Claims 107 and 112 each includes recitations similar to those of claim 42. As explained, the cited art does not support the rejection of claim 42. As such, the cited art does not support the rejection of claims 107 and 112 for at least the same reasons set forth in connection with the response to the rejection of claim 42. Applicants therefore request that the rejection of claims 107 and 112 be withdrawn and the claims allowed.

Claims 43- 46 depend from claim 42. Claims 108-111 depend from claim 107. Claims 113-116 depend from claim 112. As explained, the cited art does not support the rejection of claims 42, 107, and 112. As such, the cited art does not support the rejection of the identified dependent claims for at least the same reasons set forth in connection with the response to the rejection of their corresponding independent claims. Applicants therefore request that the rejection of these dependent claims be withdrawn and the claims allowed.

f. The rejection of claims 37-40

Claim 37 recites a process for monitoring a starter credit account including, *inter alia*, "notifying customers of an increased credit limit that will be provided to the

customer if the customer satisfies predetermined criteria." The Examiner concedes that *Sears* does not disclose this recitation of claim 37 (Office Action at p. 18).

However, the Examiner asserts that *Walker* discloses this missing feature, again relying on *Walker's* rewards as corresponding to the claimed credit limit (Office Action at p. 18). However, as discussed above with respect to claim 28, *Walker* does not disclose that any of the rewards involve changing a cardholder's credit limit. *Walker*, therefore, fails to teach or suggest the claimed "notifying customers of an increased credit limit that will be provided to the customer if the customer satisfies predetermined criteria."

Moreover, the Examiner relies on Official Notice in rejecting claim 37 (Office Action at p. 18). The Official Notice is carried over from the final Office Action at p. 18. Applicants traversed the Examiner's taking of Official Notice on pages 54-55 of the Amendment. To date, the Examiner has not responded to Applicants' arguments on this issue, which is improper (See e.g., 37 C.F.R. §1.104(c)).

Accordingly, the Examiner has not shown that the cited art, either alone or in combination, teach or suggest the recitations of claim 37. Moreover, the rejection is legally deficient because the Examiner has improperly taken Official Notice, and has not responded to Applicants' arguments on this issue. Accordingly, because the Examiner has not established a *prima facie* case of obviousness, the rejection of claim 37 under 35 U.S.C. § 103(a) is legally deficient and should be withdrawn and the claim allowed.

Claims 38-40 depend from claim 37. Accordingly, the rejection of these claims is deficient for at least the same reasons set forth above in connection with claim 37.

For at least these above reasons, the Examiner has not established a *prima facie* case of obviousness, and Applicants request that the rejections of claims 37-40 under 35 U.S.C. § 103(a) be withdrawn, and the claims allowed.

g. The rejection of claim 76, 106, and 117

Claim 76 recites a computer-readable medium including, *inter alia*, instructions for performing a method including "changing the second interest rate to a third interest rate that is higher than the first interest rate, when it is determined that the customer has made the predetermined number of on-time payments associated with the second credit account" (emphasis added).

The Examiner concedes that *Sears* fails to teach this recitation of claim 76, but alleges that *Walker* discloses "changing the second interest rate to a third interest rate that is lower than the first interest rate" (emphasis added) (Office Action at p. 23). As discussed above in section II of Applicants' response, the Examiner has incorrectly interpreted claim 76. Moreover, *Walker* fails to teach or suggest the claimed "changing the second interest rate to a third interest rate that is higher than the first interest rate, when it is determined that the customer has made the predetermined number of on-time payments associated with the second credit account."

Accordingly, the Examiner has not demonstrated that the cited art, either alone or in combination, teach or suggest the recitations of claim 76. Because the Examiner has not established a *prima facie* case of obviousness, the rejection of claim 76 under 35 U.S.C. § 103(a) is legally deficient and should be withdrawn and the claim allowed.

Claims 106 and 117 each includes recitations similar to those of claim 76. As explained, the cited art does not support the rejection of claim 76. As such, the cited art

does not support the rejection of claims 106 and 117 for at least the same reasons set forth in connection with the response to the rejection of claim 76.

For at least these above reasons, the Examiner has not established a *prima facie* case of obviousness, and Applicants request that the rejections of claims 76, 106, and 117 under 35 U.S.C. § 103(a) be withdrawn, and the claims allowed.

IV. Conclusion

In view of the foregoing amendments and remarks, Applicants respectfully request reconsideration and reexamination of this application and the timely allowance of the pending claims.

Please grant any extensions of time required to enter this response and charge any additional required fees to our deposit account 06-0916.

Respectfully submitted,

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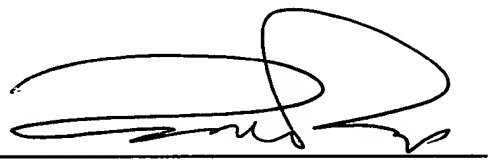
GARRETT & DUNNER, L.L.P.

Dated: April 20, 2007

By: 

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